

STATE OF INDIANA



INDIANA UTILITY REGULATORY COMMISSION
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FILED

**IN THE MATTER OF THE INDIANA)
UTILITY REGULATORY COMMISSION'S)
INVESTIGATION OF MATTERS)
RELATED TO THE FEDERAL)
COMMUNICATIONS COMMISSION'S)
REPORT AND ORDER AND ORDER ON)
REMAND AND FURTHER NOTICE OF)
PROPOSED RULEMAKING IN CC)
DOCKET NOS. 01-338, 96-98, AND 98-147)**

JAN 09 2004

**INDIANA UTILITY
REGULATORY COMMISSION
CAUSE NO. 42500-S1**

You are hereby notified that on this date the Indiana Utility Regulatory Commission ("Commission") makes the following Entry in this Cause:

The November 5, 2003 Prehearing Conference Order issued in this Cause stated that the Commission may issue data requests to some or all of the parties on or before January 5, 2003, and that party-to-party discovery should not begin until after January 5, 2003. The parties are hereby advised that the Commission will not, at this time, issue any data requests. The Presiding Officers may, at a later time, issue data requests to some or all of the parties. Party-to-party discovery should proceed as established in the Prehearing Conference Order.

On December 19, 2003, pursuant to the Prehearing Conference Order and a November 21, 2003 Docket Entry, separate reports on the multi-state batch hot cut collaborative process were filed by: Indiana Bell Telephone Company, Incorporated ("SBC Indiana"), AT&T Communications of Indiana, G.P. and TCG Indianapolis (collectively "AT&T"), WorldCom, Inc. ("MCI"), McLeodUSA Telecommunications Services, Inc., Covad Communications Company, and Sage Telecom, Inc. The Prehearing Conference Order directed that such reports be filed either jointly or separately. Having reviewed the reports and accompanying issue matrices, a potential problem we have identified, in anticipation of an Evidentiary Hearing, is a lack of clarity as to the scope of this proceeding. It is important that each party identify as early as possible all of the elements of its proposal for a batch hot cut process or, if a party is not proposing a process, what specific adjustments it is proposing to make another party's proposal workable. Having spoken with Commission staff who are participating in the batch hot cut collaborative process, it the Presiding Officers' understanding that the parties may now be in a position to file a joint report on this process, as has been done in other states. Therefore, it is requested, for consolidation and any further scope-defining purposes, that the parties, on or before January 26, 2004, file a joint report and consolidated issues matrix on the batch hot cut collaborative process, which would

replace the reports and matrices filed separately on December 19, 2003. At a minimum, the parties' joint report should address the factors identified in 47 CFR 51.319(d)(2)(ii); whether, how and when validation or verification of the proposed batch hot cut process will be performed; and should clearly identify disputed or unresolved issues, including a reference to the issue or sub-issue number in the accompanying consolidated matrix.

In addition, while prefiling deadlines have been established in this Cause for case-in-chief, response and reply testimony, the Presiding Officers believe it is important to establish a date certain to file all cost studies, cost modeling, pricing, and rate element/rate structure information upon which the parties intend to rely.¹ We anticipate that this date certain will be closely followed by a Commission-sponsored Technical Conference at which the parties should explain how their cost models and cost studies function. While we cannot predict what information SBC Indiana or any other party will file as a proposal for determining rates, the Commission's recent Order in Cause No. 42393 should provide relevant guidance to any parties that plan to file cost studies in this Cause.

Therefore, on or before January 26, 2004, any party intending to present a cost study and accompanying prices in this Cause should, at a minimum, file information that includes the following:


- 1) The proposed rate elements, prices, and the Universal Service Order Code ("USOC") for each nonrecurring charge, monthly charge, and per-unit rate should be clearly identified. For each per-unit rate, the unit(s) should also be clearly identified. For the reductions in per-line rates or volume discounts, as required by ¶489 of the Triennial Review Order to "reflect the efficiencies associated with batched migration of loops," both the initial rate and the per-line reduction or volume discount to be applied to that initial rate should be clearly identified and explained.
- 2) If SBC Indiana has an *existing* rate element(s) or USOC(s), the associated price(s) for which recover(s) costs or expenses associated with a hot cut process or activity, the process, activity, cost, expense, rate(s) or charge(s), USOC(s), and location/citation in the UNE tariff should be identified.
- 3) If SBC Indiana has an *existing* rate element(s) or USOC(s), the associated price(s) for which recover(s) costs or expenses associated with *facilities or equipment* used to implement a hot cut process or perform a hot cut activity, the process, activity, facility, equipment, cost, expense, rate(s) or charge(s), USOC(s), and location/citation in the UNE tariff should be identified.
- 4) The TELRIC principles used to determine the costs, rates, and charges should be clearly identified, with citations to applicable federal statutes, FCC orders and rules, and applicable case law.

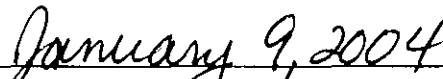
¹ We take note that SBC Indiana stated in its December 19, 2003 batch hot cut report that it will submit TELRIC-based prices and supporting cost studies by the end of January 2004.

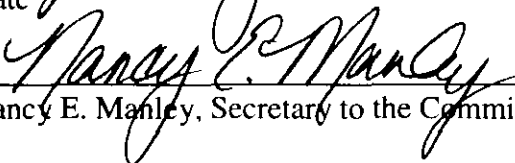
- 5) Any proposed cost model or spreadsheet should be formatted such that Commission staff can manipulate any input to the model and obtain correct resultant rates.
- 6) The Commission's January 5, 2004 Order in Cause No. 42393 made findings on many inputs to recurring and nonrecurring cost studies. If any cost study, or other information, presented in this Cause is inconsistent with the findings and conclusions in Cause No. 42393, the reason for those inconsistencies or differences should be clearly stated. For example, the Commission made findings in Cause No. 42393 on labor rates. If the labor rates in any party's cost study in this Cause are different from the Commission's labor rate findings in Cause No. 42393, the differences should to be explained.
- 7) If a party believes an on-site visit to view the batch hot cut process is warranted to fully understand all the necessary activities that comprise the inputs to a cost study, it should propose one as soon as possible. Even if one is not proposed, the Presiding Officers may request an on-site visit if one is deemed necessary.
- 8) If a party is proposing batch hot cut prices in any other state, those prices (including rates, nonrecurring charges, and monthly recurring charges) and the underlying or associated rate structure, cost recovery mechanism, and customer class(es), should be filed, for information purposes, in this Cause.
- 9) Any party filing cost studies or other costing/pricing information, on or before January 26, 2004, should include in the filing a table of contents or other means of locating the specific information that is responsive to each of the above eight paragraphs.

The anticipated Technical Conference referenced above should take place in early February. The parties and Commission staff should informally determine a specific date, which will then be memorialized in a Docket Entry.

IT IS SO ORDERED.


William G. Divine, Administrative Law Judge


Date


Nancy E. Manley, Secretary to the Commission